

Senate Bill No. 1909

Passed the Senate August 27, 2004

Secretary of the Senate

Passed the Assembly August 27, 2004

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2004, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to add Section 97.47 to the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1909, Machado. Property tax revenue shifts.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined.

Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would, for the 2004–05 fiscal year, require the auditor of a qualified county, as defined, to increase the amount of ad valorem property tax revenue allocated to that county by the county equity amount, as defined, and to commensurately reduce the amount of ad valorem property tax revenue allocated to that county's Educational Revenue Augmentation Fund. This bill would also require that ad valorem property tax revenue allocations made in subsequent fiscal years fully incorporate the allocation adjustments required by the bill.



By imposing new duties on local officials in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The people of the State of California do enact as follows:

SECTION 1. Section 97.47 is added to the Revenue and Taxation Code, to read:

97.47. (a) Notwithstanding any other provision of law, for the 2004–05 fiscal year, the auditor of a qualified county shall increase the amount of ad valorem property tax revenue allocated to that county by the county equity amount, and decrease the amount of ad valorem property tax revenue allocated to that county’s Educational Revenue Augmentation Fund by this same amount. Any additional ad valorem property tax revenues that are allocated to a qualified county pursuant to this subdivision are deemed countywide property tax revenues.

(b) For the 2005–06 fiscal year and each fiscal year thereafter, ad valorem property tax revenue allocations made pursuant to Sections 96.1 and 96.5 shall fully incorporate the allocation adjustments made by this section.

(c) Any reduction in the amount of ad valorem property tax revenues deposited in the county’s Educational Revenue Augmentation Fund as a result of subdivision (a) shall be applied exclusively to reduce the amounts that are allocated from that fund to school districts and county offices of education, and may not be applied to reduce the amounts of ad valorem property tax revenues that are allocated from that fund to community college districts.

(d) For purposes of this section:



(1) “Qualified county” means a county that, for the 2001–02 fiscal year, was allocated, in sum of the total amounts allocated to that county as countywide and less than countywide property tax revenues as reported to the Controller for that fiscal year pursuant to Section 29109 of the Government Code, less than 11 percent of that county’s total ad valorem property tax revenue.

(2) “County equity amount” means the difference between the following two amounts:

(A) Eleven percent of the total ad valorem property tax revenue allocated in a qualified county for the 2001–02 fiscal year.

(B) The amount of ad valorem property tax revenue that was allocated to the qualified county, for the 2001–02 fiscal year, in sum of the total amounts allocated to that county as countywide and less than countywide property tax revenues as reported to the Controller for that fiscal year pursuant to Section 29109 of the Government Code. If a county of the second class is a qualified county for purposes of this section, the amount of ad valorem property tax revenue allocated to that county for the 2001–02 fiscal year includes ad valorem property tax revenues allocated to the Orange County Fire Authority as less than countywide property tax revenues.

(3) Notwithstanding paragraph (2), the “county equity amount” for a qualified county that is a county of the second class shall not exceed four million two hundred thousand dollars (\$4,200,000).

(4) “Total ad valorem property tax revenue” means the total amount of ad valorem property tax revenue, derived from property on the secured roll and unsecured roll and from state reimbursement for the homeowners’ exemption, allocated within a qualified county for the 2001–02 fiscal year, including ad valorem property tax revenue allocated to a redevelopment agency.

SEC. 2. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000),



reimbursement shall be made from the State Mandates Claims Fund.



Approved _____, 2004

Governor

